

554.9324 Priority of purchase-money security interests.

1. *General rule — purchase-money priority.* Except as otherwise provided in [subsection 7](#), a perfected purchase-money security interest in goods other than inventory or livestock has priority over a conflicting security interest in the same goods, and, except as otherwise provided in [section 554.9327](#), a perfected security interest in its identifiable proceeds also has priority, if the purchase-money security interest is perfected when the debtor receives possession of the collateral or within twenty days thereafter.

2. *Inventory purchase-money priority.* Subject to [subsection 3](#) and except as otherwise provided in [subsection 7](#), a perfected purchase-money security interest in inventory has priority over a conflicting security interest in the same inventory, has priority over a conflicting security interest in chattel paper or an instrument constituting proceeds of the inventory and in proceeds of the chattel paper, if so provided in [section 554.9330](#), and, except as otherwise provided in [section 554.9327](#), also has priority in identifiable cash proceeds of the inventory to the extent the identifiable cash proceeds are received on or before the delivery of the inventory to a buyer, if:

- a. the purchase-money security interest is perfected when the debtor receives possession of the inventory;
- b. the purchase-money secured party sends an authenticated notification to the holder of the conflicting security interest;
- c. the holder of the conflicting security interest receives the notification within five years before the debtor receives possession of the inventory; and
- d. the notification states that the person sending the notification has or expects to acquire a purchase-money security interest in inventory of the debtor and describes the inventory.

3. *Holders of conflicting inventory security interests to be notified.* [Subsection 2](#), paragraphs “b” through “d”, apply only if the holder of the conflicting security interest had filed a financing statement covering the same types of inventory:

- a. if the purchase-money security interest is perfected by filing, before the date of the filing; or
- b. if the purchase-money security interest is temporarily perfected without filing or possession under [section 554.9312](#), [subsection 6](#), before the beginning of the twenty-day period thereunder.

4. *Livestock purchase-money priority.* Subject to [subsection 5](#) and except as otherwise provided in [subsection 7](#), a perfected purchase-money security interest in livestock that are farm products has priority over a conflicting security interest in the same livestock, and, except as otherwise provided in [section 554.9327](#), a perfected security interest in their identifiable proceeds and identifiable products in their unmanufactured states also has priority, if:

- a. the purchase-money security interest is perfected when the debtor receives possession of the livestock;
- b. the purchase-money secured party sends an authenticated notification to the holder of the conflicting security interest;
- c. the holder of the conflicting security interest receives the notification within six months before the debtor receives possession of the livestock; and
- d. the notification states that the person sending the notification has or expects to acquire a purchase-money security interest in livestock of the debtor and describes the livestock.

5. *Holders of conflicting livestock security interests to be notified.* [Subsection 4](#), paragraphs “b” through “d”, apply only if the holder of the conflicting security interest had filed a financing statement covering the same types of livestock:

- a. if the purchase-money security interest is perfected by filing, before the date of the filing; or
- b. if the purchase-money security interest is temporarily perfected without filing or possession under [section 554.9312](#), [subsection 6](#), before the beginning of the twenty-day period thereunder.

6. *Software purchase-money priority.* Except as otherwise provided in [subsection 7](#), a perfected purchase-money security interest in software has priority over a conflicting security interest in the same collateral, and, except as otherwise provided in [section](#)

[554.9327](#), a perfected security interest in its identifiable proceeds also has priority, to the extent that the purchase-money security interest in the goods in which the software was acquired for use has priority in the goods and proceeds of the goods under [this section](#).

7. *Conflicting purchase-money security interests.* If more than one security interest qualifies for priority in the same collateral under [subsection 1, 2, 4, or 6](#):

a. a security interest securing an obligation incurred as all or part of the price of the collateral has priority over a security interest securing an obligation incurred for value given to enable the debtor to acquire rights in or the use of collateral; and

b. in all other cases, [section 554.9322, subsection 1](#), applies to the qualifying security interests.

[2000 Acts, ch 1149, §44, 187](#)

Referred to in [§554.9325](#)